

Message Text

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ACTION EB-08

INFO OCT-01 AF-10 EUR-12 EA-10 NEA-11 ISO-00 SP-02
ICA-11 AID-05 NSC-05 TRSE-00 SS-15 STR-07 OMB-01
CEA-01 OPR-02 ABF-01 CIAE-00 DODE-00 INR-10
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P R 291550Z JUN 78
FM AMEMBASSY KINSHASA
TO SECSTATE WASHDC PRIORITY 658
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY JIDDA
AMEMBASSY LONDON
AMEMBASSY OTTAWA
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TEHRAN
AMEMBASSY THE HAGUE
AMEMBASSY TOKYO
AMCONSUL LUBUMBASHI
USMISSION USNATO

C O N F I D E N T I A L KINSHASA 6814

BRUSSELS ALSO FOR USEEC

E.O. 11652: GDS
TAGS: EFIN, EAID, CG
SUBJECT: CENTRAL BANK GOVERNOR PROMISES INFORMATION ON
FOREIGN EXCHANGE

REF: A) STATE 154972; B) BRUSSELS 11759

1. JUNE 28 AMBASSADOR AND ECON COUNSELOR MET WITH CENTRAL
BANK GOVERNOR BOFOSSA AND COUNSELOR MUANDA. AMBASSADOR
REITERATED IMPORTANCE OF GOZ FURNISHING PROMPTLY INFORMATION
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ON FOREIGN EXCHANGE BUDGETING WHICH US DEL REQUESTED AT
BRUSSELS MEETING. HE NOTED THAT US ABILITY TO MOVE AHEAD WITH
ECONOMIC ASSISTANCE WAS DIRECTLY RELATED TO RECEIPT OF THIS
INFO. IN RESPONSE TO BOFOSSA'S QUERY, AMBASSADOR CONFIRMED
THAT THIS ASSISTANCE INCLUDED ALREADY NEGOTIATED FY-78 PL-480
PROGRAM.

2. REFERRING TO HIS MEETING WITH DAS WALKER AT BRUSSELS, BOFOSSA MADE CLEAR HE UNDERSTOOD THE NATURE AND EXTENT OF DATA WE REQUIRED. BOFOSSA SAID DATA COLLECTION WAS ALREADY UNDER WAY AND THAT IT WOULD INCLUDE GECAMINES AND PROVATE BANKS AS WELL AS CENTRAL BANK TRANSACTIONS. ON OR SHORTLY AFTER JULY 4 HE HOPED TO HAVE DETAILED FOREIGN EXCHANGE EXPENDITURE AND RECEIPTS BUDGET FOR JULY, AUGUST AND SEPTEMBER.

3. BOFOSSA ALSO MENTIONED STEPS WHICH GOZ PLANS TO AKE TO ENSURE BETTER REPATRIATION OF EXPORT RECEIPTS, PARTICULARLY FROM COFFEE. IN THE PAST, CENTRAL BANK HAD ISSUED EXPORT LICENSES WHICH PERMITTED REPATRIATION OF EXPORT RECEIPTS OVER PERIODS RANGING UP TO ONE YEAR. IN THE FUTURE, EXPORT RECEIPTS MUST BE REPATRIATED PROMPTLY AFTER SALE OF EXPORT COMMODITY. IN ADDITION, CENTRAL BANK PLANS TO REVIEW ALL EXPORT PERMITS ISSUED DURING LAST SEVERAL YEARS. IN CASES WHERE FULL AMOUNT OF FOREIGN EXCHANGE PROVIDED BY EXPORT LICENSE HAS NOT YET BEEN REPATRIATED, GOZ WILL TAKE STEPS TO ENSURE FULL REPATRIATION.

4. IN AN ADDITIONAL EFFORT TO OBTAIN MAXIMUM BENEFIT FOR THE CENTRAL GOVERNMENT OF EXPORT RECEIPTS, THE CENTRAL BANK WAS ABOLISHING THE RME ACCOUNTS WHEREBY AN EXPORTER COULD RETAIN TEN PERCENT OF EXPORT RECEIPTS FOR HIS PERSONAL IMPORT REQUIREMENTS. THIS TEN PERCENT WOULD NOW GO TO THE CENTRAL BANK. HENCEFORTH, THE CENTRAL BANK'S SOURCES

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OF FOREIGN EXCHANGE INCOME WOULD BE THE FOLLOWING:

- A. 45 PERCENT OF ALL NET RECEIPTS FROM GECAMINES SALES;
- B. 20 PERCENT OF COMMERCIAL FOREIGN EXCHANGE SALES FROM SUCH PRODUCTS AS COFFEE, TIMBER AND RUBBER;
- C. 10 PERCENT FROM BOTH GECAMINES' AND COMMERCIAL SALES PAID TO AN ACCOUNT IN THE FEDERAL RESERVE BANK OF NEW YORK FOR USE BY THE CENTRAL BANK TO PAY OUTSTANDING FOREIGN DEBT.

5. OF THE FOREIGN EXCHANGE WHICH DOES NOT GO TO THE CENTRAL BANK, 45 PERCENT OF GECAMINES' SALES WOULD BE RETAINED BY GECAMINES FOR ITS OWN FOREIGN EXCHANGE IMPORTS AND 70 PERCENT OF COMMERCIAL BANK SALES WOULD BE USED BY THEM FOR PRIORITY IMPORTS OR FOR ESSENTIAL FOREIGN EXCHANGE TRANSFER PAYMENTS.

6. BOFOSSA CONFIRMED THAT A SEVEN-MAN IMF TEAM HEADED BY BLUMENTHAL IS SCHEDULED TO ARRIVE AT THE CENTRAL BANK AUGUS 14.

7. COMMENT: BOFOSSA SEEMS TO HAVE A CLEAR IDEA OF WHAT WE NEED, AND AMBASSADOR TOOK OCCASION TO UNDERSCORE THE NECESSITY OF OUR BEING ASSURED OF GOZ FOREIGN EXCHANGE DISCIPLINE IN THE SHORT TERM IN ORDER TO IMPLEMENT HE REST OF OUR FY-78 ASSISTANCE. THE NEXT HURDLE IS ACTUALLY TO GET THESE ASSURANCES IN THE FORM

OF SATISFACTORY DATA, WHICH MAY NOT BE AS READILY AVAILABLE AS BOFOSSA SEEMS TO BELIEVE. OUR CONFIRMATION IN RESPONSE TO HIS POINTED QUESTION WHETHER THIS REQUIREMENT APPLIES TO THE PL-480 MAY SERVE TO EXPEDITE ACTION; IN MAKING QUERY, BOFOSSA INDICATED HE WAS UNDER SOME PRESSURE TO FACILITATE IMPORTS OF COTTON AND WHEAT.

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